Consumer's Guide to

Long-Term Care Insurance

Louisiana Department of Insurance

A message from the Louisiana Department of Insurance

In response to the rising costs of long-term care, long-term care insurance has become one of the fastest-growing types of health insurance sold in recent years. Long-term care policies pay the cost of daily care for individuals with an acute or long-term illness or disability. However, long-term care insurance is not for everyone.

We hope the information contained in this guide will help you better understand the complexities of long-term care insurance, and help you decide if long-term care insurance is right for you and your family. If you do choose to purchase a policy, this guide can help you decide from whom to buy a policy and which additional options you should consider.

If you have any questions or concerns about long-term care insurance, please call the Louisiana Department of Insurance Senior Health Insurance Information Program (SHIIP) at 1-800-259-5301.

June 2001

This public document is published at a total cost of $3,984.10. Five thousand (5000) copies of this public document were published in this first printing at a cost of $2,413.50. The total cost of all printings of this document including reprints is $3,984.10. This document was published by Associated Printing, 2041 E. Texas St. Bossier City, LA 71111 to help consumers better understand long-term care insurance and make better decisions when considering a policy under special exception by the Division of Administration. This material was printed in accordance with standards for printing by state agencies established pursuant to R.S. 43:31. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.

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What is long-term care?

Long-term care helps someone with a long-term physical illness, a disability or a cognitive impairment such as Alzheimer's disease. Someone with a physical illness or disability often needs hands-on help with activities of daily living. People with cognitive impairments usually need supervision, protection or verbal reminders to do everyday activities.

Long-term care services may include help with:

- activities of daily living
- home health care
- respite care
- adult day care
- nursing home care
- care in an assisted living facility
- care management services (helps evaluate needs, coordinates and monitors long-term care services)

There are two types of long-term care services, skilled care and personal care:

➢ **Skilled Care** is usually needed for medical conditions that require care by medical personnel, such as registered nurses or professional therapists. This type of care is ordered by a physician, follows a specific plan, and is usually needed 24 hours a day. Most individuals get skilled care in a nursing home, but it is available at home with visiting nurses or therapists.

➢ **Personal Care** (also known as custodial care) helps with the activities of daily living. These activities include bathing, eating, dressing, toileting, continence and transferring. Personal care is less involved than skilled care and may be provided by unskilled nursing assistants in nursing homes, day care centers, and in the home.

The need for long-term care may develop gradually as one must have more and more help with activities of daily living (such as bathing and dressing), or the need may develop suddenly after suffering from a major illness, such as a stroke or heart attack. Care may be needed for only a short time, or it may be needed for many months, years, or for the rest of your life.

How can you pay for long-term care?

Long-term care can be expensive. The actual cost depends on the amount and type of care needed and where it is provided. Long-term care can be paid for in a variety of ways, such as personal resources, long-term care insurance and Medicaid assistance. Medicare, Medicare supplement insurance and the major medical health insurance available from employers will not pay for most long-term care expenses.

➢ Individual Personal Resources

Many people choose to use their savings or money gained from investments to pay for long-term care. Some sell major assets, such as their homes, to pay for their long-term care needs.

➢ Medicare Supplement Insurance

Medicare Supplement Insurance is private insurance that helps pay for some of the gaps in Medicare coverage, such as hospital deductibles and excess physicians' charges above what Medicare approves. Medicare supplement policies do not cover long-term care costs. However, four Medicare supplement policies – Plans D, G, I and J- do pay up to $1,600 per year for services to people recovering at home from an illness, injury or surgery. The benefit will pay for short-term, at-home help with activities of daily living. You must qualify for Medicare-covered home health services before this Medicare supplement benefit is available.

➢ Medicaid

Medicaid pays for nearly half of all nursing home care. Medicaid also pays for some home and community-based services. To get Medicaid help, you must meet federal and state guidelines for income and assets. Many people start paying for nursing home care out of their own funds and "spend down" their financial resources until they are eligible for Medicaid. Medicaid may then pay part or all of their nursing home costs. However, some assets and income can be protected for a spouse who remains at home. To find out if Medicaid can help you, call the Louisiana State Medicaid Office at 1-888-342-6207.

What is long-term care insurance?

Long-term care insurance policies pay the cost of the day-in, day-out care for a person with an acute or long-term illness or disability. Long-term care insurance is a relatively new type of insurance that can pay for some or all of your long-term care costs. Introduced in the 1980's as nursing home insurance, long-term care insurance has changed significantly and today covers much more than nursing home care.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) is a federal law that gives some federal income tax advantages to people who buy certain long-term care insurance policies. Such policies are called Tax-Qualified Long-Term Care Insurance Contracts, or simply Qualified Contracts. When purchasing your policy, you may be asked to choose between a "tax-qualified" long-term care insurance policy and one that is "non tax-qualified." There are important differences between these two types of policies.

TAX-QUALIFIED POLICIES	NON TAX-QUALIFIED POLICIES
Premiums can be included with other annual uncompensated medical expenses for deductions from your income in excess of 7.5% of adjusted gross income up to a maximum amount adjusted for inflation.	You can't deduct any part of your annual premiums.
Benefits that you may receive will not be counted as income.	Benefits that you may receive may or may not count as income. The U.S. Department of the Treasury has not yet ruled on this issue.
Benefit triggers may be more restrictive than those which may be allowed in non tax-qualified policies. The federal law requires you be unable to do 2 of 5 out of 6 possible ADLs without substantial assistance.	Policies can offer a different combination of benefit triggers. Benefit triggers may not be restricted to 2 of 6 ADLs.
"Medical necessity" can't be used as a trigger for benefits.	"Medical necessity" and/or other measures of disability can be offered as benefit triggers.
Disability must be expected to last for at least 90 days.	Policies don't have to require that the disability be expected to last for at least 90 days.
For cognitive impairment to be covered, a person must require "substantial supervision."	Policies don't have to require "substantial supervision" to trigger benefits for cognitive impairments.

Is long-term care insurance right for you?

Whether or not an individual should buy long-term care insurance depends on age, health status, overall retirement goals, income and assets. For instance, if your only source of income is a Social Security benefit or Supplemental Security Income (SSI), you probably should not buy long-term care insurance. If, on the other hand, you have a lot of assets but do not want to use them all to pay for long-term care, you may want to consider buying a long-term care insurance policy. Many decide to purchase a long-term insurance policy so they will not be dependent on the government or their families to pay for their long-term care. ***However, you should not buy a policy if you cannot afford the premium.***

If you have current health problems that will most likely require long-term care (for example, Alzheimer's disease or Parkinson's disease), you probably will not be able to purchase a long-term care policy. Most insurance companies have medical underwriting standards to keep the cost of long-term care insurance affordable. Without such standards, most people would not buy coverage until they needed long-term care services.

Long-term care insurance is not for everyone. For some, such a policy is affordable and worth the cost. For others, the cost may be too great or the policy they can afford may not offer enough benefits to make it worthwhile. You should not buy long-term care insurance if the only way you can afford it is by not paying other important bills. It also makes no sense to buy a policy unless it can be paid every year until death. You should look closely at your needs and resources, and discuss it with others before deciding if long-term care insurance is right for you.

Is Long-Term Care Insurance Right For You?

You should NOT buy Long-Term Care Insurance if:

- You can't afford the premiums
- You have limited assets
- Your only source of income is a Social Security benefit or Supplemental Security Income (SSI)
- You often have trouble paying for utilities, food, medicine or other important needs

You should CONSIDER buying Long-Term Care Insurance if:

- You have significant assets and income
- You want to protect some of your assets and income
- You want to pay for your own care
- You want to stay independent of the support of others

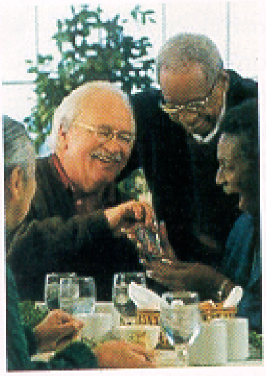
From whom can you buy a policy?

Individual Policies

Most long-term care insurance policies are sold to individuals through a private company or agent. Individual policies will differ from one company to the next, so be sure to compare different policies, companies and agents to make sure you get the coverage that best fits your needs.

Group Policies from an Employer

Many employers offer a group long-term care insurance plan. One advantage of an employer-group plan is you may not have to meet any medical requirements to get the policy. Many companies let retirees, spouses, parents and parents-in-law apply for coverage. Usually relatives applying for coverage must pass the company's medical screening and must pay the premium themselves.



Association Policies

Many associations let insurance companies and agents offer long-term care insurance to their members. Be careful about joining an association just to buy insurance coverage, and review your rights if the policy is terminated or canceled.

Policies sponsored by Continuing Care Retirement Communities

Many Continuing Care Retirement Communities (CCRC) require you to buy long-term care insurance. A CCRC is a retirement complex that offers a broad range of services and levels of care. You must be a resident or on the waiting list of a CCRC and meet the insurance company's medical requirements to buy its long-term care insurance policy.

Life Insurance Policies

Some companies will let you use your life insurance death benefit and cash value to pay for specific conditions such as terminal illness, permanent confinement in a nursing home, or for long-term care expenses. A life insurance death benefit you use while you are alive is known as an accelerated death benefit. The company pays you the actual charges for care when you receive long-term care services, but no more than a certain percent of the policy's death benefit. Policies may pay part or all of the death benefit for long-term care expenses. Some companies will also let you buy more long-term care coverage than the amount of your death benefit in the form of a rider.

Remember, if you use money from your life insurance policy to pay for long-term care, it will reduce the death benefit your beneficiary will receive, and may also affect the cash value of your policy. If you never use the long-term care benefit, the policy will pay the full death benefit to your beneficiary.

➤ Pooled Benefits

You may be able to buy a long-term care insurance policy with pooled benefits that covers more than one person, or more than one kind of long-term care service.

One type of pooled benefit covers more than one person, such as a husband and wife, two partners, or two or more related adults. It will usually have a total benefit that applies to all of the individuals covered by the policy, so if one of the covered individuals collects benefits that amount is subtracted from the total policy benefit.

Another kind of pooled benefit provides a total dollar amount that can be used for various long-term care services. These policies pay a daily, weekly, or monthly dollar limit for one or more covered services. You can combine your benefits in a way to best meet your needs.

How are long-term care benefits paid?

Insurance companies that sell long-term care insurance generally pay benefits using one of two methods: the expense-incurred method or the indemnity method. It is important to read the literature that accompanies your policy and compare the benefits and premiums.

➤ **Expense-incurred method** – when this method is used, the insurance company must decide if you are eligible for benefits and if your claim is for the eligible services. ***Most policies bought today pay benefits using the expense-incurred method.***

➤ **Indemnity method** – when this method is used, the benefit is a set dollar amount. The insurance company only needs to decide if you are eligible for benefits; the specific services are not important. The insurance company will then pay benefits directly to you up to the limit of the policy.

What services are covered in a policy?

Policies may cover:

- Nursing home care
- Home health care
- Personal care in the home
- Services in assisted living facilities
- Services in adult day care centers
- Services in other community facilities

Each policy defines what benefits it will pay, so it is important for you to carefully read the fine print and fully understand what is offered.

Most policies do not usually pay benefits for:

- A mental or nervous disorder or disease, other than Alzheimer's disease or other dementia
- Alcohol or drug addiction
- Illness or injury caused by an act of war
- Treatment provided by the government in a government facility or that the government has already paid for
- Attempted suicide or intentional self-inflicted injuries

It is also important to know what types of facilities are covered by your long-term care insurance policy. If you are not in the right type of facility, the insurance company can refuse to pay for eligible services. Some policies may list specific points about the kinds of facilities they will cover, such as the type of nursing supervision, the size of the facility, the type of care provided and the level of licensing.

When shopping for a long-term policy, check these points carefully and search for a company that offers a wide range of facilities. If your policy lists the kinds of facilities covered, be sure to check to see if your policy requires the facility to have a license or certification from a government agency.

How much coverage will you have?

The policy or certificate may state the amount of coverage in one of several ways, and may pay different amounts for different types of long-term care services. Be sure you understand how much coverage you will have and how it will cover long-term care services you receive.

Maximum Benefit Limit

Most policies limit the total benefit they will pay over the term of the policy, but some will not. Some policies may state the maximum benefit limit in years, while others may write the policy maximum benefit as a total dollar amount. When looking at a policy or certificate, be sure to check the total amount of coverage. Most nursing home stays are short, but illnesses that continue for several years could mean long nursing home stays. Policies with longer maximum benefit periods cost more. The minimum benefit period in Louisiana is one year. Be sure to read your long-term care insurance policy carefully to learn what the benefit period is.

Daily/Monthly Benefit Limit

Policies normally pay benefits by the day, week or month. For example, in an expense-incurred plan, a policy might pay a daily nursing home benefit of up to $100 per day, and a weekly home care benefit of up to $350 per week. Some policies will pay one time for single events, such as installing a home medical alert system.

When you buy a policy, insurance companies let you choose a benefit amount (usually $50 to $250 a day, or $1,500 to $7,500 a month) for care in a nursing home. If a policy covers home care, the benefit is usually a portion of the benefit for nursing home care. It is important to know how much skilled nursing homes, assisted living facilities, and home health care agencies charge for their services ***before*** you choose the benefit amounts in your long-term care insurance policy. Check the facilities in the area where you think you may be receiving care.

When are you eligible for benefits?

Benefit Triggers is a term companies use to describe the way they decide to pay benefits, your policy and the outline of coverage should describe the benefit triggers. This is an important part of a long-term care insurance policy, so look at it carefully when you shop.

Different policies may have very different benefit triggers, and some policies use more than one way to decide when to pay benefits.

Types of Benefit Triggers

➢ Activities of Daily Living

The inability to do activities of daily living, or ADLs, is the most common way insurance companies decide when you are eligible for benefits. The ADLs most companies use are bathing, continence, dressing, eating, toileting and transferring. Usually, a policy pays benefits when you cannot perform a certain number of ADLs.

To be eligible for any type of benefit under a federally tax-qualified policy, a licensed health care practitioner must declare you chronically ill. A chronically ill person is defined as someone unable to perform (without Substantial Assistance from another individual) at least two ADLs for a period of at least 90 days due to a loss of functional capacity, or someone requiring substantial supervision to protect them from threats to their health or safety due to Severe Cognitive Impairment. With a non-tax-qualified policy you are required to need active hands on assistance to perform at least two of the six defined ADLs, or require supervision and direction because of Cognitive Impairment.

If the policy you are considering pays benefits when you cannot perform certain ADLs, make sure you understand exactly what that means. The more clearly a policy describes its requirements, the less confusion you and your family will have if you need to file a claim.

➢ Cognitive Impairment

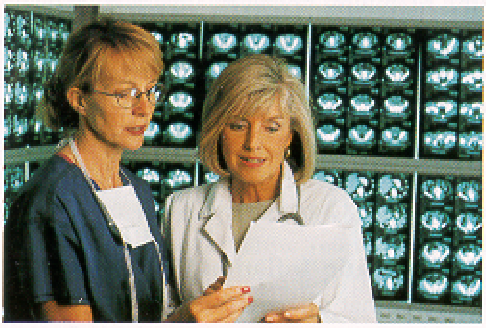
Many long-term care insurance policies also pay benefits for "cognitive impairment" or mental incapacity. The policy usually pays benefits if you cannot pass certain tests of mental function. It is important to have coverage of cognitive impairment if you have been told you have Alzheimer's disease or other dementia. If being unable to do ADLs is the only benefit trigger your policy uses, it may not pay benefits if you have Alzheimer's disease but can still do most of the ADLs on your own. If your policy also uses a test of your mental ability as a benefit trigger, it is more likely to pay benefits if you have Alzheimer's disease.

➢ Doctor Certification of Medical Necessity

Some long-term care insurance policies will pay benefits if your doctor orders or certifies that the care is medically necessary. However, this benefit trigger cannot be used on tax-qualified policies.

➢ Prior Hospitalization

Some long-term care insurance policies sold in the past required a hospital stay of at least three days before paying benefits. ***Companies may no longer sell policies that require a hospital stay.***



When will benefits start?

With many policies, your benefits will not start the first day you go to a nursing home or start to use home care. Most policies have an elimination period, after which benefits begin. The elimination period can be anywhere between 0 to 100 days after you start using long-term care. The amount of time you have to wait for benefits to start depends on the elimination period you pick when you buy your policy.

If you choose a longer elimination period, you will pay a lower premium but will have to pay the cost of your care during the elimination period. If you only need care for a short time and your policy has a long elimination period, your policy may not pay any benefits. For example, if your policy has a 100-day elimination period, and you received long-term care services for only 60 days, you would not receive any benefits from your policy. However, if you can afford to pay for long-term care services for a short time, a longer elimination period might be right for you. It would protect you if you need extended care and also keep the cost of your insurance down. If you choose a short elimination period, your benefits will begin sooner, but the policy may cost more.

If you need to have a repeated stay in a nursing home, you may want to find out if the insurance company requires another elimination period for the second stay. Some policies will count the second stay as part of the first one as long as you go back within a certain number of days.

What happens when long-term care costs rise?

Inflation protection can be one of the most important additions you can make to a long-term care insurance policy. Inflation protection will increase the premium, however, unless your daily benefit increases over time, years from now you may find it has not kept up with the rising cost of long-term care. Obviously, the younger you are when you buy a policy, the more important it is for you to think about adding inflation protection. Companies selling in Louisiana are required to offer inflation protection, but it is up to you to decide whether or not to buy the coverage. Inflation protection is usually available in two ways:

➢ Automatic Inflation Protection

Policies that increase benefits for inflation automatically will increase your benefits each year to match the inflation of costs. They may use simple or compound rates, but either way the daily benefit increases each year by a fixed percentage. The dollar amount of the increase depends on whether the inflation adjustment is "simple" or "compound." If the inflation increase is simple, the benefit increases by the same dollar amount each year. If the increase is compounded, the dollar amount of the benefit increase goes up each year.

➢ Periodical Inflation Protection

The second way to buy inflation protection lets you choose to increase your benefits periodically. With a periodic increase option, you usually do not have to show proof of good health if you regularly use the option. Your premium will increase if you increase your benefits. How much it increases depends on your age at the time. Buying more benefits every few years may help you afford the cost of the additional coverage. Remember, if you turn down the option to increase your benefit one year, you may not get the chance again. If you later decide to buy more coverage, you may have to prove good health and it may cost more money. So, before you decide not to accept the offer, you need to check your policy to see how it will affect future offers.

What if you can no longer afford the premiums?

If you drop your coverage and you have a nonforfeiture benefit in your policy, you will receive some value for the money you have paid into the policy. Without this type of benefit, you will get nothing even if you have paid premiums for 10 or 20 years before dropping the policy.

In Louisiana, insurance companies are required to offer long-term care insurance policies with a written offer of nonforfeiture benefit. You may be given benefit options with different premium costs. In one type of benefit, when you stop paying your premiums, the company gives you a paid-up policy with a shorter benefit period. That means the policy will pay the same daily benefit that you bought, but for fewer years. How many years will depend on how long you paid premiums. Then, because it is paid-up, you will not owe any more premiums.

Other insurers may offer a "return of premium" nonforfeiture benefit. This means they pay back to you all or part of the premiums that you paid if you drop your policy after a certain number of years. This is generally the most expensive type of nonforfeiture benefit.

You also have the option to add a nonforfeiture benefit if you are buying a tax-qualified policy. The "return of premium" nonforfeiture benefit is not available in tax-qualified policies, however, you may be able to get a "reduced paid-up policy" if you drop the policy. You should consult a tax advisor to see if adding a nonforfeiture benefit would be right for you.

Will your health affect your ability to buy a policy?

Companies that sell long-term care insurance "underwrite" their coverage. Underwriting means they look at your health and health history before they decide to sell you a policy. However, you may be able to buy coverage through an employer or another group without any health underwriting.

Insurance companies' underwriting practices affect the premiums they charge you now and in the future. Some companies do what is known as "short-form" underwriting. In this form of underwriting, they ask you to answer a few questions about your health on the insurance application. However, some companies do not check your medical record until you file a claim. This practice is called "post-claims" underwriting, and it is illegal in Louisiana. Companies that thoroughly check your health before selling you a policy are not as likely to do post-claims underwriting.

Some companies do more underwriting. They may ask more questions, look further back in time than others (which may be important if you have a pre-existing condition), look at your current medical records and ask your doctor for a statement about your health. These companies may insure fewer people with health problems. If you have certain conditions that are likely to mean you will soon need long-term care, you will probably not be able to buy coverage from these companies.

No matter how the company underwrites, you must answer certain questions that the company will use to decide whether or not to insure you. When you fill out your application, be sure to answer all questions correctly and completely. If the information is wrong, an insurance company may decide to void, rescind, or cancel your policy and return the premiums you have paid. It can usually do this within two years after you buy the policy.

Can you renew your policy?

When a policy is guaranteed renewable, it means that the insurance company guarantees you a chance to renew the policy. It does not mean that it guarantees you a chance to renew at the same premium. Your premium may go up over time as your company pays more and larger claims. In Louisiana, only qualified long-term care policies are required to be guaranteed renewable.

Insurance companies can raise the premiums on their policies but only if they increase the premiums on all policies that are the same in the state. ***No individual can be singled out for a rate increase, no matter how many claims have been filed.*** In Louisiana, the premium cannot increase just because you have gotten older.

If you bought a policy in a group setting and you leave the group, you may be able to keep your group coverage or convert it to an individual policy but you may pay more.

Should you switch plans or upgrade your policy?

Before you switch to a new long-term care insurance policy, make sure it is better than the one you already have. Even if your agent now works for another company, think carefully before making any changes. First check to see if you can upgrade the coverage on your current policy. If not, you may replace your current policy with a different one that gives you more benefits, or even choose a second policy. Be sure to discuss any changes in your coverage with your financial advisor.

If you decide to switch to a new long-term care insurance policy, make sure the new company has accepted your application and issued the new policy before you cancel the old one. When you cancel a policy in the middle of its term, many companies will not give back any premiums you have paid. If you switch policies, new restrictions on pre-existing conditions may apply. You may not have coverage for some conditions for a certain period.

Switching may be right for you if your old policy requires you to stay in the hospital or to receive other types of care before it pays benefits. Before you decide to change, though, make sure you are in good health and can qualify for another policy. If you bought a policy when you were younger, you might ask the insurance company if you can improve it. For example, you might add inflation protection or take off the requirement that you stay in the hospital. It might cost less to improve an existing policy than to buy a new one.

Other policy benefits and options

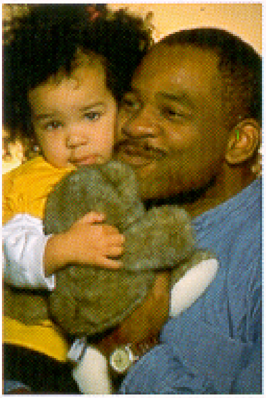
➢ Third Party Notice

This benefit lets you name someone to be contacted if your coverage is about to end because you forgot to pay the premium. Sometimes people with cognitive impairments forget to pay the premium and lose their coverage when they need it the most. You can choose a friend, relative or a professional (such as a lawyer) as your third party. When the company contacts the person you choose, he or she will have some time to arrange for payment of the overdue premium. You can usually name a contact without paying extra.

▸ Waiver of Premium

This option lets you stop paying the premium once you are in a nursing home and the insurance company has started to pay benefits. Some companies waive the premium as soon as they make the first benefit payment, while others wait 60 to 90 days. The waiver of premium may not apply if you are getting home health care.

▸ Restoration of Benefits



This option gives you a way to keep the maximum amount of your original benefit even after your policy has paid you benefits. With this option, if you go for a stated period without getting more long-term care services, your benefit goes back to the amount you first bought. With a restoration of benefits options, if you do not use any long-term care services for a specified time, your maximum benefit will go back to the original amount.

▸ Premium Refund at Death

This benefit pays to your estate any premiums you paid minus any benefits the company paid. To receive a refund at death, you are required to have paid premiums for a certain number of years. Some companies refund premiums only if the policyholder dies before a certain age, usually 65 or 70. This option may also add to the cost of the policy.

▸ Downgrades

While it may not always appear in the contract, most insurers let policyholders ask to change the policy if they have trouble paying the premium. When you downgrade to a less comprehensive policy, you probably will pay a lower premium. This may allow you to keep the policy in force instead of dropping it.

Shopping Tips

If you decide that Long-Term Care Insurance is right for you, keep these shopping tips in mind.

➢ **Ask a lot of questions.** Insurance companies must be licensed in the state in order to sell long-term care insurance. Before you buy a policy, make sure the company or agent you are purchasing from is licensed in Louisiana. If you have any questions or doubts about the agent, the insurance company or the policy, contact the Louisiana Department of Insurance Senior Health Insurance Information Program (SHIIP) at 1-800-259-5301.

➢ **Check with several companies and agents.** It is wise to contact several companies and agents before you buy a policy. Be sure to compare benefits, the types of facilities you must be in to receive coverage, the limits on your coverage, what is excluded, and the premium. Remember, different policies that carry the same coverage and benefits may not always cost the same.

➢ **Take your time and compare outlines of coverage.** Never let anyone pressure you or scare you into making a quick decision. Do not buy a policy the first time you see an agent. When an agent first contacts you, he or she is required to leave with you an outline of coverage, which explains the policy's benefits and points out important features. You should compare outlines of coverage for several policies.

➢ **Understand your policy.** Make sure you know exactly what the policy does and does not cover. If you have any questions, call the insurance company before you buy. If the agent gives you answers that are vague or different from the information in the company literature, tell the agent you will get back to him or her later. Do not trust any sales pitch that claims you have only one chance to buy a policy. Some companies may sell their policies through the mail, skipping agents altogether. If you buy a policy through the mail, check with the company if you do not understand how the policy works. It is also a good idea to talk to a friend or relative about the policy. If you have any doubts about the policy, do not hesitate to call or write the company to ask questions. Also, feel free to call SHIIP at 1-800-259-5301.

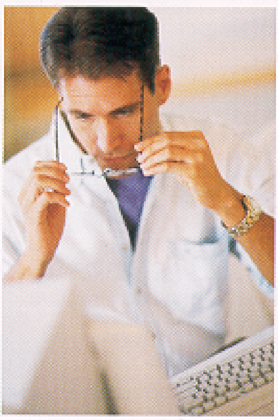
SHIIP
Senior Health Insurance Information Program
1-800-259-5301

➢ **Get the name, address and telephone number of the agent and the company.** Make sure you have a correct local or toll-free number for both the agent and the company.

➢ **Make it a family decision.** When buying a long-term care policy, bring together everyone who has an interest. You should include your spouse, children, siblings and close personal friends in the decision. There is a certain advantage to collective decision-making that may help to avoid a bad situation in the future.

➢ **Do not be misled by advertising.** Most celebrity endorsers are professional actors paid to advertise. They are not insurance experts. Be wary of any advertising that suggests Medicare is involved, as Medicare does not endorse or sell long-term care insurance policies. Do not trust cards you get in the mail that appear to be sent by the federal government, as such cards may have been sent by insurance companies or agents looking for buyers. Also, be careful if anyone asks you questions over the phone about Medicare or insurance. They could sell any information you give to long-term care insurance marketers, who might call you, come to your home or try to sell you insurance through the mail.

➢ **Do not buy more than one long-term care insurance policy.** You do not have to buy more than one policy to get adequate coverage; one good policy is enough.



➢ **Be sure to accurately complete your application.** Do not be misled by long-term care insurance marketers who say your medical history is not important- it is! Always give full and correct information. If the agent fills out the application for you, do not sign it until you have read it and made sure that all of the medical information is correct. If it is not correct and the company uses that information to decide whether to issue you a policy, it can later refuse to pay your claims and even cancel your policy.

➢ **Never pay cash.** Use a check or money order made payable to the insurance company.

➢ **If you have not received your policy within 60 days, contact the company or agent.** You have a right to expect prompt delivery of your policy. When you receive your policy, keep it somewhere easy to find and tell a trusted friend or relative of its location.

➢ **Be sure you look at your policy during the free-look period.** If you decide you do not want your policy soon after purchase, do not hesitate to cancel it and get your money back. However, you must tell the company that you do not want the policy within a certain number of days. Exactly how many days you have depends on the policy's "free-look" period, which the company must tell you about on the cover page of the policy. The free-look period in Louisiana is 30 days.

If you decide to cancel:

1. Keep the envelope the policy was mailed in, or ask the agent for a signed delivery receipt when he or she hands you the policy.
2. Send the policy to the insurance company along with a short letter asking for a refund.
3. Send both the policy and the letter by certified mail, keeping the mail receipt.
4. Keep a copy of all correspondence with the company. You should expect to wait four to six weeks for your refund.

➢ **Read the policy again to make sure it gives you the coverage you want.** Check the policy carefully to see if the benefits are what you expected. If you have any questions, call the agent or company right away. Also, reread the application you signed, as it is part of the policy. If it is not filled out correctly, contact the agent or company as soon as possible.

➢ **Consider having the premium taken out of your bank account automatically.** Automatic withdrawal may mean that you will not lose your coverage if an illness prevents you from making your payment. If you decide not to renew your policy, be sure you tell your bank to stop the automatic withdrawals immediately.

➢ **Check on the financial stability of the company you are considering buying a policy from.** There are several insurer rating services that analyze the financial strength of insurance companies. The ratings can show you how some analysts see the financial health of individual insurance companies. Different rating services use different rating scales. Be sure to find out how the agency labels its highest ratings and the meaning of the ratings for the companies you are considering. You can get ratings from some insurer rating services for free at most public libraries. You can also call the services directly or access them on the Internet (see below).

A.M. Best Company
(900) 555-BEST (billed to your phone) or (800) 424-BEST (charged to credit card) or on the Internet at http://www.ambest.com

Duff & Phelps, Inc.
(312) 368-3157 or (312) 629-3833 or on the Internet at http://www.dcreo.com

Fitch Investors Service, Inc.
(212) 908-0500 or on the Internet at http://www.fitchibca.com

Moody's Investor Service, Inc.
(212) 553-0377 or on the Internet at http://www.moodys.com

Standard & Poor's Insurance Rating Services
(212) 208-1527 or on the Internet at http://www.ratings.standardpoor.com

Weiss Research, Inc.
(800) 289-9222 or on the Internet at http://www.weissinc.com

Long-Term Care Insurance Shopping List

Policiy Features and Benefits	Company 1	Company 2	Company 3	Current Policy
Price: How much would you pay each month or year?	$	$	$	$
Daily benefit limits: How much will the policy pay for each day of care? Nursing Home Home Health Care Adult Day Care				
Benefit period: How long (numbers of years) will the policy pay? Nursing Home Home Health Care				
Elimination period: How many days will you wait before the policy starts paying?				
What is the maximum lifetime benefit? Nursing Home Home Health Care				
What qualifies you for benefits? ADLs, Doctor's Certification...				
Inflation protection: How will the benefit keep up with inflation?				
Health screening: Can the company reject your aplication for bad health? Pre-existing condition waiting period?				
Exclusions: What is not covered?				
Miscellaneous benefits:				

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